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SUBJECT: FIVE PILLARS OF FSLN STRATEGY

Classified By: Ambassador P. Trivelli for Reasons 1.4 (b and d)

11. (C) A document leaked to the press recently revealed that the FSLN has readied a plan called the "Five Pillars of the Revolutionary Project" to be formally announced on the July 19 celebration of the 28th anniversary of the Somoza overthrow. The 5 Pillars are: direct democracy and civilian power; autonomy of economic management; economic development and a revolution in energy; universal public health and education; and Latin American integration and unity. Venezuelan President Hugo Chavez's "5 Motors" provides the model for the 5 Pillars, form and content.

Pillar 1: Direct Democracy and Civilian Power

12. (SBU) The goal of the first pillar is to expand direct civilian action beyond the election of officials. The official wording proposes that the people be "the protagonist of the political process." This process has already been established in the "Civilian Councils" which have been a source of considerable opposition-party outrage in previous weeks. The Councils, which are a direct evolution of the "Sandinista Defense Committees" of the 80's, while officially not party-affiliated, are widely considered to favor Sandinistas and exclude all others. Although the councils have no standing within the government, elected officials will be pressured to adhere to their suggestions. (SEPTEL)

Pillar 2: Autonomy of Economic Management

13. (C) The "self-management" of the economy as defined within the 5 Pillars consists of establishing credit programs, ensuring security of supplies, and providing access to property for the masses while respecting private property rights. (Note: As with many of Ortega's economic pronouncements, they are based on populist/Marxist concepts, so it is unclear how they are supposed to co-exist with a vibrant private sector. Ortega only held his first meeting with the private sector players six months into his tenure. While the Vice President has been active in trying to portray a friendly investment climate, companies, both local and foreign, are concerned that Ortega's consolidation of political power will begin to extend to them. In the 1980s Ortega was famous for showing favoritism to a few companies of "patriotic entrepreneurs" and leaving all the rest to struggle. Interestingly, his focus on the credit to small producers has been through a state run program. There have been no efforts to force the private sector banks to become involved in a sector they consider risky. The ideas also circumvent the 300 micro-lending enterprises which exist in Nicaragua and reach down directly to the poor and SMEs. End Note.)

Pillar 3: Economic Development and a Revolution in Energy

¶4. (C) According to the leaked document, development will focus on the construction of new oil refineries, factories for aluminum products, and the improvement of Nicaragua's inefficient energy system. Ortega recently announced that he asked Iranian President Mahmoud Ahmadinejad for energy assistance during his recent trip across the Middle East in Africa. (SEPTTEL) Venezuela has also been a significant source of foreign aid, much of it in the form of subsidized petroleum. However, this aid is not as beneficial as it seems. Completed refineries are a long way off; financing is complicated as the costs are between USD 2-4 billion, there is a two year waiting list for the parts needed, and construction is a complicated process. An inauguration in five years would be a very aggressive estimate. Oil shipments from Venezuela have arrived erratically and not in the full quantities promised. Also of concern are the terms of the oil deal, which could potentially create a public debt of over USD 300 million a year in addition to violating the agreements that allowed Nicaragua to receive massive debt forgiveness through the HIPC program (most of which was debt incurred in the 1980s.) The only hope that Nicaragua has to improve energy output for the near future are new electric plants, which are set to add approximately another 200 megawatts to the system in 2008.

Pillar 4: Universal Public Health and Education

¶5. (SBU) Making Nicaragua's health and education systems truly universal has been a long-term goal of the Sandinistas. The problem developing it will be twofold: financing the supplies and infrastructure necessary, and implementing such a vast scheme within a system not known for efficiency. Reports indicate that demand for health and education centers has risen significantly since the decision to eliminate all associated fees and that the increase already poses a challenge to the system. The need for more facilities, personnel, and materials is seriously hampering facilities that have received little to no additional financial relief.

Pillar 5: Latin American Integration and Unity

¶6. (C) Continued participation in The Bolivarian Alternative for the Americas, or ALBA, will be the key to the final pillar. The countries of ALBA, of which Venezuela clearly exerts primary influence, have already begun the process of joint support through the establishment of a bank to fund the projects proposed by member countries. ALBA is clearly being set up as a counterweight to CAFTA and policies which help Nicaragua take advantage of it have taken priority over pro-CAFTA policies. Negotiations for an FTA with Taiwan are currently stalled and the Central America-wide agreement with the EU has not gotten off the starting blocks.

Comment

¶7. (C) The Five Pillars contain no new plans, merely a new presentation of the same objectives and rhetoric that the FSLN has utilized consistently throughout the last six months. The cry for a more democratic process is a thin veneer disguising the real goal: to establish FSLN mechanisms in the political system from the municipal level upward. The concepts of greater civilian participation and universal health and education are admirable, but Ortega has yet to propose firm plans on how to accomplish any of his goals. Unless the rhetoric behind them is matched by reality, the Five Pillars will serve only as an additional public relations device for Ortega.

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